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SUBJECT: BANK OF ALEXANDRIA: BIDS DELAYED UNTIL OCTOBER 7

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¶1. (SBU) Egyptian press reported on September 24 that the deadline for submission of offers from the six short-listed bidders for Bank of Alexandria had been delayed from September 28 to October 7. During a meeting that same day, Minister of Investment Mohieldin told the Ambassador that the deadline was pushed back because Citigroup, the advisor for the sale, had not completed the due diligence report for submission to the six short-listed bidders. Mohieldin said Citigroup submitted the report to the GOE that day, and that it would be sent to the bidders immediately. The bidders had until October 7 to complete their bid packages. The Ambassador pointed out that the delay might be taken by some observers as the GOE dragging its feet on the sale. Mohieldin acknowledged that the BOA sale process has taken longer than expected, but said that he has always given the end of 2006 as the final deadline, as delays are to be expected in a privatization of this size.

¶2. (SBU) On September 25, Central Bank sub-Governor Tarek Kandil repeated the same explanation to econoff, and said that the bids would be opened and a winner announced on October 16. Kandil was dismissive of concerns about the negative optics of the delay. He noted that it was normal for investors considering a large acquisition to ask for more time to analyze the due diligence report and formulate a winning bid package. Kandil said that he would represent CBE on the committee reviewing the bids, along with representatives from the Ministry of Finance and the Central Auditing Agency. He said the main goal of the committee was to ensure transparency in the process, with no possibility for any of the bidders to claim that time pressures prevented them from fully developing their bid packages.

¶3. (SBU) Comment: All of our GOE interlocutors have been dismissive of our concerns about the negative optics of yet another delay, claiming that the sale of BOA is an irreversible process that was just "a matter of time." Despite these reassurances, post continues to press the GOE to avoid more delays and complete the privatization as soon as possible, noting the large amount of assistance funds contingent on final sale of the bank.
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